

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

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E.O11652: N/A

TAGS: ETRD, MTN

SUBJ: MTN: TROPICAL PRODUCTS NEGOTIATIONS -- DETERMINATIO

1. BELOW IS THE TEXT OF STATE 287116 DATED 5 DEC 75 WHICH
WE REPEAT FOR YOUR INFORMATION.

2. TEXT QUOTE:

(1) OCTOBER 20 MEETING OF TROPICAL PRODUCTS GROUP OF THE

MULTILATERAL TRADE NEGOTIATIONS (MTN) IN GENEVA AGREED UPON
MARCH 1, 1976 AS DATE FOR TABLING OF INITIAL TARIFF OFFERS
ON TROPICAL PRODUCTS IN PRESPONSE TO REQUESTS MADE BY OVER
30 DEVELOPING COUNTRIES. ALTHOUGH US AGREEMENT TO THIS DATE
WAS SUBJECT TO COMPLETION OF DOMESTIC PROCEDURES AS SET
OUT IN TRADE ACT, WASHINGTON AGENCIES HAVE PLACED HIGH
PRIORITY ON HAVING US OFFER READY BY THAT DATE. HOWEVER,
THE EXTENT OF US CONCESSIONS WILL BE DEPENDENT ON RECEIVING
SUFFICIENT COMPENSATION FROM COUNTRIES BENEFITING FROM SUCH
CONCESSIONS. THIS MESSAGE REQUESTS THE ASSISTANCE OF
ADDRESSEE POSTS IN DETERMINING THE CONCESSIONS WHICH THE US
SHOULD SEEK FROM THEIR HOST COUNTRIES.

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(2) AS PART OF THE PROCESS OF PREPARING ITS OFFER, THE US

IN HOLDING BILATERAL CONSULTATIONS WITH THOSE COUNTRIES WHICH HAVE SUBMITTED REQUESTS FOR REDUCTIONS OF US TRADE BARRIERS IN THE TROPICAL PRODUCTS NEGOTIATIONS. IN THESE CONSULTATIONS, THE US IS GIVING PRELIMINARY SUBSTANTIVE REACTIONS TO EACH DEVELOPING COUNTRY IN RESPONSE TO ITS SPECIFIC REQUESTS. US MTN DELEGATION IN GENEVA BEGAN THE PRESENT ROUND OF BILATERAL CONSULTATIONS ON NOVEMBER 24. REQUESTS WERE MADE OF THE US ON SOME 650 PRODUCTS. THE US WILL INDICATE ON A LITTLE MORE THAN 100 PRODUCTS

THAT WE PROBABLY WILL BE ABLE TO NEGOTIATE THEM IN THE TROPICAL PRODUCTS GROUP, BUT THAT WE CANNOT MAKE A FINAL COMMITMENT AT THIS TIME. ON APPROXIMATELY 200 OTHER PRODUCTS, WE WILL INDICATE THAT WE PROBABLY WILL NOT NEGOTIATE THEM IN THE TROPICAL PRODUCTS GROUP ALTHOUGH NO FINAL DECISION HAS BEEN MADE. ON THE MORE THAN 300 REMAINING PRODUCTS, WE WILL MAKE THE STRONGER NEGATIVE STATEMENT THAT WE DO NOT EXPECT TO DISCUSS THEM IN THE TROPICAL PRODUCTS GROUP. AT THE SAME TIME THE US IS INDICATING THAT IT WILL EXPECT APPROPRIATE CONTRIBUTIONS FOR THE CONCESSIONS IT MAKES.

(3) AGRICULTURE AND COMMERCE ARE PREPARING LISTS OF EXPORT PRIORITY OBJECTIVE, BOTH TARIFF AND NON-TARIFF BARRIERS WHICH THE US SHOULD SEEK IN THE MTN. THESE OVERALL LISTS AND POSTS' CONTRIBUTIONS WILL PROVIDE A BASIS FOR MAKING REQUESTS FOR CONCESSIONS TO THOSE DEVELOPING COUNTRIES PARTICIPATING IN THE TROPICAL PRODUCT NEGOTIATIONS. THIS WORK WILL TAKE ACCOUNT OF PRODUCTS IDENTIFIED AS OF EXPORT INTEREST TO THE US BY THE AGRICULTURAL, INDUSTRIAL AND LABOR SECTOR ADVISORY COMMITTEES. PRELIMINARY VIEWS IN WASHINGTON ARE THAT CONTRIBUTIONS BY A DEVELOPING COUNTRY IN THE TROPICAL PRODUCT NEGOTIATIONS WOULD BE RELATED TO THE OVERALL VALUE TO IT OF US TROPICAL PRODUCT CONCESSIONS. WHAT THE LDGS GIVE IN THE NEGOTIATIONS COULD BE IN THE FORM

OF CONCESSIONS ON SPECIFIC PRODUCTS AND/OR OF GENERAL CONTRIBUTIONS RELATING TO THE COUNTRY'S TRADE STRUCTURE SUCH AS ELIMINATION OF CONSULAR FEES AND FORMALITIES. AS AGREED IN THE TOKYO DECLARATION, THE DEVELOPING COUNTRIES LIMITED OFFICIAL USE

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WILL NOT BE EXPECTED TO MAKE CONTRIBUTIONS WHICH ARE INCONSISTENT WITH THEIR INDIVIDUAL DEVELOPMENT, FINANCIAL AND TRADE NEEDS.

(4) THE TROPICAL PRODUCTS NEGOTIATION IS THE FIRST CONCRETE NEGOTIATION WE WILL BE ENGAGING IN WITH THE DEVELOPING COUNTRIES AND MAY SET THE PATTERN FOR OTHER DC-LDC NEGOTIATIONS IN THE MTN. THE US IS WORKING FOR AN EARLY AGREEMENT

OF TARIFF REDUCTIONS FOR TROPICAL PRODUCTS IN FULFILLMENT OF THE COMMITMENT IN THE TOKYO DECLARATION TO GIVE THEM SPECIAL AND PRIORITY TREATMENT AND BECAUSE THEY ARE A MAJOR SOURCE OF EARNINGS FOR MANY DEVELOPING COUNTRIES. SUCCESS IN NEGOTIATING A TROPICAL PRODUCTS PACKAGE SHOULD ENCOURAGE DEVELOPING COUNTRIES TO PARTICIPATE FULLY AND CONSTRUCTIVELY IN OTHER AREAS OF THE MTN. HOWEVER, A SUCCESSFUL NEGOTIATION INVOLVES THE EXCHANGE OF CONCESSIONS. MOREOVER, IT WOULD BE UNACCEPTABLE IN CONGRESS AND DOMESTICALLY FOR THE US GOVERNMENT TO PRESENT AS THE FIRST RESULTS OF THE MTN A PACKAGE OF TARIFF CUTS WHICH DID NOT CONTAIN SOME CONCESSIONS OF BENEFIT TO US TRADE. CONSEQUENTLY, APPROPRIATE CONTRIBUTIONS FROM DEVELOPING COUNTRIES ARE OF GREAT IMPORTANCE. FURTHERMORE, CONCESSIONS WE WILL SEEK SHOULD, BY PROMOTING EFFICIENT ALLOCATION OF RESOURCES, ASSIST THOSE COUNTRIES IN PURSUING RATIONAL ECONOMIC DEVELOPMENT. THE INFORMATION WHICH POSTS FURNISH WILL, IF NOT FULLY UTILIZED IN SEEKING CONCESSIONS IN THE TROPICAL PRODUCTS NEGOTIATIONS BE OF CONSIDERABLE USE IN OTHER AREAS OF THE MTN.

(5) POSTS ARE IN A GOOD POSITION, MAKING USE OF REACTION OF US BUSINESSMEN AND LOCAL IMPORTERS AND THEIR OWN OBSERVATIONS OF THE OPERATION OF THE HOST COUNTRY'S TRADING SYSTEM, TO IDENTIFY SPECIFIC TRADE BARRIERS AND MEASURES RESTRICTING US TRADE WHICH THE HOST COUNTRY MIGHT FEASIBLY REDUCE OR ELIMINATE, TAKING INTO ACCOUNT ITS POLITICAL, ECONOMIC AND DEVELOPMENT CONSTRAINTS. FOR PURPOSES OF NEGOTIATIONS IN THE TROPICAL PRODUCTS GROUP, THE FOCUS SHOULD BE PRIMARILY ON CONCESSIONS THE US MIGHT SEEK WHICH WOULD AFFECT SPECIFIC PRODUCTS. WE WILL SUBSEQUENTLY

BE ASKING POSTS TO IDENTIFY A FULL RANGE OF POSSIBLE CONCESSIONS WHICH THE US MIGHT SEEK IN THE MTN FROM THEIR HOST LIMITED OFFICIAL USE

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COUNTRIES. POSTS SHOULD ATTEMPT TO ASSESS NOT ONLY THE VIEWS OF THE GOVERNMENT BUT PROBABLY MORE IMPORTANTLY THE STRENGTH OF THE DOMESTIC INDUSTRY AND PROTECTIONIST ELEMENTS WHICH WOULD OPPOSE A PARTICULAR CHANGE AND THAT OF IMPORTERS AND OTHERS WHO MIGHT SUPPORT THE CHANGE. WHEREVER POSSIBLE POSTS SHOULD ATTEMPT TO QUANTIFY THE VALUE TO US TRADE, EVEN IF IN HIGHLY APPROXIMATE TERMS, OF THE CONCESSIONS WHICH THE US MIGHT SEEK. WE ARE ALSO INTERESTED IN IDENTIFYING NON-TARIFF MEASURES, BOTH OF A MORE OR LESS PERMANENT NATURE AND THOSE ARBITRARILY APPLIED SUCH AS PURPOSEFUL GOVERNMENT DECISIONS WHICH ADVERSELY AFFECT US TRADE OR THE US SHARE OF THE MARKET, AS WELL AS WAYS THAT THESE NON-TARIFF MEASURES CAN BE AFFECTED BY GENERAL CONTRIBUTIONS THAT HOST COUNTRIES COULD FEASIBLY MAKE.

(6) US MTN DEL WILL UNDERTAKE A FURTHER ROUND OF BILATERAL CONSULTATIONS IN JANUARY AND FEBRUARY TO DISCUSS POSSIBLE US OFFERS AND THE CONCESSIONS THE US SEEKS, PREPARATORY TO TABLING THE INITIAL US TROPICAL PRODUCTS OFFER ON MARCH 1. POSTS' VIEWS REGARDING THE SPECIFIC CONTRIBUTIONS THE US SHOULD SEEK WILL BE MOST USEFUL IF RECEIVED IN LATE DECEMBER OR EARLY JANUARY (INTERAGENCY REVIEW WILL BE HELD AROUND JANUARY 8). VIEWS RECEIVED LATER WILL BE INCORPORATE INTO THE DELIBERATIONS WHENEVER POSSIBLE. REPLIES SHOULD BE SENT INFO QUOTE MTN GENEVA UNQUOTE, NOT TO US MISSION GENEVA (MTN DEL SUGGESTIONS WOULD ALSO BE APPRECIATED). POSTS WILL BE KEPT INFORMED OF PROGRESS IN THE NEGOTIATIONS WITH THEIR HOST COUNTRIES. KISSINGER

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